



**The Conference Board Economic Forecast for the U.S. Economy  
January 13, 2016**

**Consumer driving the economy early in 2016, but overall growth gradually slows further**

The final quarter of 2015 ended on a weak note with GDP estimated to have grown by only 1 percent (annualized). Consumer spending rose twice that pace and is very likely to continue to grow at a relatively strong pace in the first half of 2016, driven by continued strong job growth, moderate growth in incomes, and improvement in consumer sentiment, as well as continued improvement in home building and buying. Still, inventory remains elevated while export demand remains weak, because economic growth abroad is slow and the dollar has been driven higher. As a result the industrial core of the economy continues to be very slow. Finally, government spending (at all levels) is moderate at best. All of these factors combine to drive the economy a little above the long term trend rate of 2 percent this winter and perhaps into the spring. The Fed can be expected to continue to “normalize” short term interest rates at a slow pace, even as the market holds longer-term rates steady and the probability of core inflation remains below target. And El Nino conditions hold the potential to cause economic disrupting weather patterns.

**The U.S. Economic Forecast**

THE CONFERENCE BOARD'S ECONOMIC OUTLOOK, 2015-2016  
Percentage Change, Seasonally Adjusted Annual Rates  
(except where noted)

	2015		2016				2014	2015	2016
	III Q*	IV Q	I Q	II Q	III Q	IV Q	ANNUAL	ANNUAL	ANNUAL
Real GDP	2.0	1.1	2.3	2.5	2.2	2.2	2.4	2.4	2.1
Real Consumer Spending	3.0	2.0	2.5	2.4	2.3	2.3	2.7	3.1	2.5
Housing Starts Mil. Units	1.16	1.14	1.23	1.27	1.30	1.32	1.00	1.10	1.28
Real Capital Spending	2.6	1.5	3.8	4.3	4.0	4.0	6.2	3.1	3.4
Net Exports	-546.1	-554.1	-571.4	-578.8	-593.8	-606.6	-442.5	-544.0	-587.7
* actual value									